

Amjad M. Khan (SBM 237325)

amjad@bnsklaw.com

Jill R. Glennon (SBN 204506)

jill@bnsklaw.com

BROWN NERI SMITH & KHAN LLP

11601 Wilshire Boulevard, Suite 2080

Los Angeles, California 90025

Telephone: (310) 593-9890

Facsimile: (310) 593-9980

Attorneys for Plaintiff

REACHLOCAL, INC.

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA – WESTERN DIVISION

REACHLOCAL, INC., a Delaware
corporation,

Plaintiff,

v.

PPC CLAIM LIMITED, a British limited
company; KIERAN PAUL CASSIDY,
an individual; and DOES 1-50,

Defendants.

Case No. 2:16-cv-01007-R-AJW

Judge: Hon. Manuel L. Real

**EXHIBIT 1 TO BARNES
DECLARATION**

**FILED UNDER SEAL PURSUANT
TO ORDER OF THE COURT
DATED 5/31/2019**

EXHIBIT 1

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**REACHLOCAL’S ATTORNEYS’
EYES ONLY INITIAL
DISCLOSURES SUBJECT TO
PROTECTIVE ORDER**

Pursuant to Rule 26(a) of the Federal Rules of Civil Procedure (“FRCP”) plaintiff ReachLocal, Inc. (“Plaintiff” or “ReachLocal”) hereby submits to defendants PPC Claim Limited (“PPC”) and Kieran Paul Cassidy (“Mr. Cassidy” and collectively, the “Defendants”) (all parties collectively referred to as the “Parties”) the following initial disclosures, which are designated as ATTORNEYS’ EYES ONLY pursuant to the Protective Order in connection with the above-referenced matter.

These disclosures are made based upon information known and available to ReachLocal at the time of this submission. ReachLocal expressly reserves the right to augment, supplement and/or modify these disclosures as both formal and informal discovery progresses in this matter.

A. WITNESSES: The name, address and telephone number of each individual likely to have discoverable information – along with the subjects of that information, that disclosing party may use to support its claims or defenses.

Attached hereto as Exhibit 1 is list of ReachLocal’s clients who were contacted by Defendants. The list is part of ReachLocal’s initial disclosures and is designated ATTORNEYS’ EYES ONLY subject to the Protective Order the parties have agreed to in the above-captioned action.

C. DAMAGES: A computation of each category of damages claimed by the disclosing party.

Damages in the amount that Defendants were unjustly enriched by ReachLocal’s customer list as determined with reference to the reasonably royalty fee for use of ReachLocal’s proprietary customer list. The reasonable royalty can be calculated with reference to contracts ReachLocal negotiated at arms-length for purchase of customer lists from third parties. Pursuant to those contracts, ReachLocal estimates the per-lead cost for use of a customer list to be \$0.35 per lead. When that number is multiplied by the number of leads/clients in

1 ReachLocal's database, 2,055,922, the estimated reasonable royalty is
2 \$719,572. The exact value of the reasonable royalty may properly be the
3 subject of expert testimony. ReachLocal reserves its right to provide expert
4 evidence in accordance with the Court's discovery order.

5 Compensatory damages in the amount of profits ReachLocal lost when
6 its clients, GoMow and Inlight Gobos, terminated their contracts with
7 ReachLocal as a result of Defendants' conduct. ReachLocal estimates these
8 damages to be the amount of the contract revenues over a three-year period
9 multiplied by the estimated operating profit margin for those contracts:
10 $\$2300 \times 36 \times 35\% = \$29,980$.

11 Compensatory damages in the amount of \$40,903.85, which are the
12 costs ReachLocal incurred to mitigate the damage caused by
13 Defendants' communications with its employees. The amounts of these
14 damages may be calculated by multiplying (1) the estimated time spent
15 on this matter by ReachLocal officers and employees since December 15,
16 2015 by (2) the implied hourly wage of each ReachLocal employee involved in
17 this effort.
18

19 Attached hereto as Exhibit 2 is a spreadsheet reflecting the estimated
20 time spent by and implied hourly rate of the key ReachLocal officers and
21 employees who devoted time to addressing the impact of Defendants'
22 conduct on ReachLocal's employees, customers and investors. This
23 spreadsheet is part of ReachLocal's initial disclosures and is designated
24 ATTORNEYS' EYES ONLY subject to the protective order the parties have
25 agreed to in the above captioned action.

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1 Dated: July 15, 2016

BROWN NERI SMITH & KHAN LLP

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3 By: /s/ Amjad M. Khan

4 Amjad M. Khan

5 Jill R. Glennon

6 *Attorneys for Plaintiff*
7 REACHLOCAL, INC.
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EXHIBIT 2

ATTORNEYS' EYES ONLY PURSUANT TO PROTECTIVE ORDER

Exhibit 2 to ReachLocal's Confidential Initial Disclosures

Employee	Emails sent per month (on avg)	Estimated	No. of Months	Hourly Rate based	
		Hours Per Month	beginning December 2015	Total Estimated Hours	on base salary + target bonus
Tenlay Naliboff	10.5	12	7	84	\$ 185.10 \$ 15,548.08
Amber Seikely	17.1	15	5	75	\$ 132.69 \$ 9,951.92
Melissa Turai	9	10	4	40	\$ 112.50 \$ 4,500.00
Paras Maniar	5.5	2	7	14	\$ 250.00 \$ 3,500.00
Sharon Rowlands	7.8	2	7	14	\$ 528.85 \$ 7,403.85
					\$ 40,903.85

Amjad M. Khan (SBN 237325)

amjad@bnsklaw.com

Paul C. Fricke (SBN 258188)

paul@bnsklaw.com

Jill R. Glennon (SBN 204506)

jill@bnsklaw.com

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**REACHLOCAL'S
SUPPLEMENTAL INITIAL
DISCLOSURES – ATTORNEYS'
EYES ONLY SUBJECT TO
PROTECTIVE ORDER**

Pursuant to Rule 26(a) of the Federal Rules of Civil Procedure (“FRCP”) plaintiff ReachLocal, Inc. (“Plaintiff” or “ReachLocal”) hereby submits to defendants PPC Claim Limited (“PPC”) and Kieran Paul Cassidy (“Mr. Cassidy” and collectively, the “Defendants”) (all parties collectively referred to as the “Parties”) supplemental initial disclosures, which are designated as ATTORNEYS’ EYES ONLY pursuant to the Protective Order in connection with the above-referenced matter.

These disclosures are made based upon information known and available to ReachLocal at the time of this submission. ReachLocal expressly reserves the right to augment, supplement and/or modify these disclosures as both formal and informal discovery progresses in this matter.

A. DAMAGES: A computation of each category of damages claimed by the disclosing party.

ReachLocal incorporates by reference the report of designated expert, Brian Napper, produced on August 23, 2016, which sets forth various calculations and theories of recovery for trade secret misappropriation, interference with contract and unfair competition. ReachLocal further incorporates by reference its previous initial disclosures, as supplemented and modified in part hereby.

Defendants have produced declarations from the owners GoMow and InLight Gobos, which state that each client terminated their contracts with ReachLocal’s agent, Compass Point LLC, for reasons unrelated to Defendants’ conduct. ReachLocal has produced evidence that materially contradicts these declarations, including declarations from Matt Ramsey at Compass Point LLC, declarations from two partner development specialists at ReachLocal who managed these accounts, Steven Dollar and Allie Byrd, and portions of the deposition transcripts of Adriana Hutton and Rick Hutton. Thus, there is a

1 genuine dispute of fact regarding whether GoMow and InLight Gobos were lost
2 customers of ReachLocal as a result of Defendants' conduct. While ReachLocal
3 believes the facts reasonably support the conclusion that Defendants unlawfully
4 disrupted and interfered with these contracts, it no longer seeks separate
5 compensatory damages for lost contract revenues associated with GoMow.

6 ReachLocal is seeking compensatory damages in the form of lost profits for
7 the cancelled InLight Gobos and Prater Concrete contracts. Together with these
8 supplemental initial disclosures, ReachLocal has produced the declaration of
9 Amber Rose, who testified that Defendants emails convinced her to terminate her
10 contract with ReachLocal. Lost profits may be calculated by multiplying the
11 amount of contract revenues over three years by the estimated operating profit
12 margins for those contracts of 35%. InLight Gobos had an average monthly
13 budget of \$1,000. Prater Concrete's average monthly budget was
14 \$999. Accordingly, the amount of lost profits for these contracts is calculated as
15 \$25,187.4. ReachLocal has presented the new evidence regarding the declarations
16 of Amber Rose, Matt Ramsey, Allie Byrd and Steven Dollar and the deposition
17 testimony of Adriana Hutton and Rick Hutton to its designated expert Brian
18 Napper. ReachLocal may supplement its expert disclosures as appropriate to
19 reflect this newly discovered evidence.
20

21 Discovery is still ongoing. ReachLocal's motion to compel is still pending,
22 and Kieran Cassidy will be deposed on October 1. Further, Defendants have
23 recently produced documents demonstrating Defendants contacted approximately
24 700 additional ReachLocal clients. Defendants have also agreed to produce
25 documents and information regarding ReachLocal's U.S. clients that have retained
26 PPC Claim in connection with a planned class action in the U.S. ReachLocal
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1 reserves the right to modify its damages computation once ReachLocal's analysis
2 of this additional discovery is complete.

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5 Dated: September 22, 2016

BROWN NERI SMITH & KHAN LLP

6 By: /s/ Amjad M. Khan

7 Amjad M. Khan

8 *Attorneys for Plaintiff*

9 REACHLOCAL, INC.
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CERTIFICATE OF SERVICE

I, Rowennakete P. Barnes, hereby declare under penalty of perjury as follows:

I am an attorney at the law firm of Brown Neri Smith & Khan, LLP, with offices at 11601 Wilshire Boulevard, Suite 2080, Los Angeles, California 90025. On the date below, I caused the foregoing **EXHIBIT 1 TO BARNES DECLARATION** to be electronically filed with the Clerk of the Court using the CM/ECF system which sent notification of such filing to counsel of record.

Executed on June 4, 2019.

/s/ Rowennakete P. Barnes